
UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

**Instructions for State and County Committees for
Determining Eligibility and Completing Documents
for Loans on 1939 Corn**

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Introduction

Commodity loan programs, the "backbone" of the Ever Normal Granary, enable farmers to withhold the surplus from good crop years until needed in times of short crop years. They make possible the orderly marketing of crops at a fair price while financing farming operations at a low rate of interest.

By means of the corn loan programs, the high yields of recent years have resulted in higher incomes to farmers, whereas, formerly such yields have resulted in ruinously low prices and overexpansion in livestock production.

The 1939 Corn Loan Program will enable farmers to benefit from the high yields of 1939 and still avoid greater overexpansion in livestock. This year we have more eligible borrowers and eligible corn than at any time since 1933, and the largest carry-over of corn in history. This in itself presents a problem in obtaining sufficient eligible storage space. It should also cause farmers to realize that if stabilization of supplies and prices is to be maintained through the loan program, future plantings need to be adjusted until crops are more nearly in balance with normal domestic consumption and exports.

With an ample supply of corn in the Ever Normal Granary, farmers will protect their incomes most effectively by devoting a greater portion of their land to soil-conserving crops and planting within the agricultural conservation program allotments in 1940. Conservation as well as adjustment is required in any stable plan to protect farm income.

With its abundant natural resources, this nation could have built an Ever Normal Granary long before, but instead we have exploited the soil and suffered from low incomes. Farmers acting individually were unable to deal effectively with their national problems. They now have the means to cooperate in obtaining both conservation and adjustment.

Through the Ever Normal Granary, farmers are offering protection to consumers and livestock producers in return for the protection they have under the farm program. If the Ever Normal Granary is to afford this protection in the future, farmers need to emphasize conservation and adjustment to a greater degree, particularly in times of abundant supplies.

Participation in the corn loan program, as well as in the agricultural conservation program, is voluntary. For this reason, committeemen need to take the responsibility for helping farmers to understand all phases of these programs, as well as the factors affecting farm income, if a program of abundance is to be a blessing instead of a disaster.

History of Corn Loans

The following table designates the corn marketing year, the total United States supply at the beginning of the marketing year (October 1), the average United States farm price for November 15 and July 15 of the marketing year, the loan rate for the program in effect between these dates, the November 15th farm price of hogs, and the total number of bushels placed under loan:

Corn marketing year	Total supply Oct. 1	Farm price Nov. 15		Loan rate	Farm price July 15	Bushels under loan
		Hogs	Corn			
	<i>Bushels</i>	<i>Hundred weight</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	
1931-----	2, 743, 382, 000	\$4. 36	36. 6	(1)	29. 9	(1)
1932-----	3, 201, 614, 000	3. 05	19. 4	(1)	55. 4	(1)
1933-----	2, 785, 953, 000	3. 70	40. 6	45	59. 2	270, 758, 222
1934-----	1, 798, 213, 000	5. 04	75. 7	55	82. 4	20, 075, 095
1935-----	2, 368, 823, 000	8. 54	56. 4	45	80. 2	30, 966, 045
1936-----	1, 686, 636, 000	8. 74	94. 6	55	118. 1	1, 030, 000
1937-----	2, 717, 506, 000	8. 25	48. 0	50	53. 7	47, 000, 000
1938-----	2, 904, 271, 000	7. 25	40	57	² 47. 8	³ 257, 000, 000
1939-----	3, 152, 000, 000	-----	-----	-----	-----	-----

¹ No loan.² Preliminary.³ Includes 30 million bushels 1937 corn.

The above data show the advantages of sealing corn during years of low farm prices and excessive supplies.

PART I.—GENERAL INSTRUCTIONS

The instructions for preparing and the making of 1939 corn loans are in general, similar to those pertaining to 1937 and 1938 corn loans. The main difference will be in the handling of the chattel mortgage in the county office and the notes will be discounted through Commodity Credit Corporation, 164 West Jackson Boulevard, Chicago, Ill.

Producers may procure loans through local lending agencies which have been approved by the Chicago office of the Commodity Credit Corporation or directly through the Commodity Credit Corporation, Chicago, Ill. A record of all certified loans must be kept on Form Corn Loan 4, Revised, and forwarded to the State office as hereinafter provided.

State and county committees will be governed in the inspection and sealing of corn collateral for 1939 corn loans by Commodity Loan Regulations No. 1, as amended October 21, 1939, Regulations Governing Inspection and Sealing of Agricultural Commodities, on the Farm To Be Used as Collateral for Loans, and Completion of Loan Documents—Pursuant to the Provisions of the Agricultural Adjustment Act of 1938, as Amended, and 1939 CCC Corn Form 1—Instructions.

Producers having more than one crib under seal, and who may plan to release such cribs at different times, should place individual cribs under separate mortgages.

A. LOAN RATE AND MATURITY

The loan rate on 1939 ear corn in farm storage will be 57 cents per bushel for eligible corn produced in the commercial corn area, and 43 cents per bushel for eligible corn produced in the noncommercial corn area, except that corn otherwise eligible grading MIXED in accordance with the United States Grain Standards shall have a loan rate of 2 cents per bushel less than the applicable rate stated above.

B. MATURITY OF LOAN AND INTEREST RATE

1939 corn loans bearing 3 percent interest will be available from December 1, 1939, to March 31, 1940, inclusive, and will mature on August 1, 1940.

C. SERVICE FEE

The fee for inspecting corn and storage structures on the farm, sealing the structures, and completing and handling of loan documents shall be 1 cent per bushel. This will be a uniform fee in all States and counties and will be based on the net amount of bushels placed under loan. The fee shall be paid at the time of the completion of the loan documents or indicated on 1939 CCC corn Form B, "Producers' Letter of Transmittal." No preliminary inspection fee will be collected. For each fee received in connection with a corn loan a properly executed receipt on Form CL-2 must be issued to the person paying the fee.

All fees collected in connection with corn loans must be deposited in the regular bank account of the association and should be deposited on the same day as received. If it is impracticable to make the deposit on the same day as received, the deposit should be made on the first banking day following receipt of the fee. In the North Central Region all such fees must be promptly recorded on Form NCR—County No. 9. (See Part IX of NCR-404.)

The treasurer of the county association will transmit by check to the Commodity Credit Corporation, Washington, D. C., an amount equivalent to 50 percent of the total fees collected for each month. The remainder of the total fees paid by borrowers shall be retained in the county association funds for administrative expenses in connection with commodity loans.

D. ELIGIBLE PRODUCER

As defined in 1939 CCC Corn Form 1, an eligible producer in the commercial corn area shall be any person, partnership, association, or corporation producing corn as landowner, landlord, or tenant, upon whose farm the 1939 field corn acreage planted did not exceed the corn acreage allotment established for the farm, pursuant to Title III of the Agricultural Adjustment Act of 1938, as amended; and in the noncommercial corn area, an eligible producer shall be any person, partnership, association, or corporation, producing corn as landowner, landlord, or tenant, upon whose farm the total 1939 acreage of soil-depleting crops did not exceed the total acreage allotment for soil-depleting crops established for the farm pursuant to the provisions of the 1939 Agricultural Conservation Program.

A producer shall be deemed eligible to apply for a corn loan if the farm for which he makes application has been measured and a farm report is on file in the county office. A farm for the purpose of determining a producer's eligibility shall be the same as defined for the agricultural conservation program.

E. ELIGIBLE CORN

For the purpose of 1939 corn loans, eligible corn is defined as merchantable field corn produced in 1939, husked and in the ear,

stored in acceptable cribs on farms, containing not more than 20½ percent moisture and which otherwise grades No. 3 or better, as defined in the Official Grain Standards of the United States on the basis of a representative sample taken from each crib of corn offered as collateral for a loan, provided:

1. The beneficial title to such corn is and always has been in the eligible producer; or
2. Such corn was purchased in accordance with the following: An eligible producer who will operate a different farm in 1940 from that operated in 1939 may purchase corn produced by an eligible producer and place such corn under a loan. The total amount of corn upon which such producer may secure a loan shall not be in excess of the total number of bushels of eligible corn that he produced in 1939 as an eligible producer.

F. ELIGIBLE STORAGE STRUCTURES AND ACCEPTABLE CRIB WIDTHS

Eligible storage structures shall consist of cribs which are of such substantial and permanent construction as to afford safe storage of corn for a period of 2 years and afford protection against rodents, other animals, thieves, and weather, as determined by the county agricultural conservation committee.

The most important dimension to be considered in the safe storage of corn is crib WIDTH. A map showing recommended maximum width for rectangular cribs in the commercial corn areas is shown on page 5 of the bulletin, entitled "Corn Storage in the Ever Normal Granary."

State and county committees are hereby instructed to reject corn offered as collateral for a loan which is stored in a crib having a width greater than the recommended width for the county, unless the moisture content of the corn is at least 1 percent less than 20½ percent for each foot or fraction thereof in excess of the recommended width. In the case of round cribs with center ventilator the distance from the ventilator to the outside wall shall constitute the width, and for round cribs without center ventilator the width shall be considered to be two-thirds of the diameter.

ILLUSTRATION: If the recommended width of the cribs for the county is 7 feet and a crib containing corn offered as collateral is 10 feet wide, the corn will be rejected if it tests more than 17½ percent moisture.

North Central Region.—The crib widths for this region as recommended by the United States Department of Agriculture are as follows:

ILLINOIS

6-foot area.—Lake and McHenry Counties.

7-foot area.—Boone, Carroll, Cook, De Kalb, Du Page, Grundy, Iroquois, Jo Daviess, Kane, Kankakee, Kendall, La Salle, Lee, Ogle, Stephenson, Whiteside, Will, and Winnebago.

8-foot area.—All other counties.

INDIANA

6-foot area.—Allen, Elkhart, De Kalb, Kosciusko, La Porte, Lagrange, Marshall, Noble, Stark, Steuben, St. Joseph, and Whitley.

7-foot area.—Adams, Benton, Blackford, Carroll, Cass, Clinton, Delaware, Fayette, Franklin, Fulton, Grant, Hamilton, Hancock, Henry, Howard, Huntington, Jasper, Jay, Lake, Madison, Miami, Newton, Porter, Pulaski, Randolph, Rush, Tippecanoe, Tipton, Union, Wabash, Wayne, Wells, and White.

8-foot area.—All other counties.

IOWA

6-foot area.—Allamakee, Clayton, Howard, Winneshiek.

7-foot area.—Buchanan, Black Hawk, Bremer, Butler, Cerro Gordo, Chickasaw, Clinton, Delaware, Dickinson, Dubuque, Emmet, Fayette, Floyd, Franklin, Hancock, Jackson, Jones, Kossuth, Mitchell, Osceola, Winnebago, and Worth.

8-foot area.—All counties not listed in other three areas.

9-foot area.—Adams, Cass, Fremont, Harrison, Mills. Montgomery, Page, Pottawattamie, Shelby, and Taylor.

MICHIGAN

6-foot area.—All counties.

MINNESOTA

6-foot area.—All counties not in 7-foot area.

7-foot area.—Brown, Blue Earth, Cottonwood, Faribault, Jackson, Lac qui Parle, Lincoln, Lyon, Martin, Murray, Nobles, Pipestone, Rock, Watonwan, Redwood, and Yellow Medicine.

MISSOURI

8-foot area.—All counties except those in the 9-foot area.

9-foot area.—Andrew, Atchison, Bates, Barton, Buchanan, Cass, Clay, Clinton, DeKalb, Gentry, Holt, Jackson, Jasper, McDonald, Newton, Nodaway, Platte, Vernon, and Worth.

NEBRASKA

8-foot area.—Cedar, Dakota, Dixon, Thurston, and Wayne.

9-foot area.—All counties not listed in the other two areas.

10-foot area.—Adams, Buffalo, Clay, Chase, Custer, Dawson, Dundy, Fillmore, Franklin, Frontier, Furnas, Gosper, Hall, Hamilton, Harland, Hayes, Hitchcock, Howard, Jefferson, Kearney, Keith, Lincoln, Merrick, Nuckolls, Phelps, Perkins, Red Willow, Saline, Sherman, Thayer, and Webster.

OHIO

6-foot area.—Allen, Ashland, Ashtabula, Carroll, Columbiana, Coshocton, Cuyahoga, Crawford, Defiance, Erie, Fulton, Geauga, Hancock, Harding, Harrison, Henry, Holmes, Huron, Jefferson, Knox, Lake, Lorain, Lucas, Marion, Mahoning, Medina, Morrow, Paulding, Putnam, Portage, Ottawa, Richland, Sandusky, Stark, Seneca, Summit, Trumbull, Tuscarawas, Van Wert, Wayne, Williams, Wood, and Wyandot.

7-foot area.—All other counties.

SOUTH DAKOTA

7-foot area.—All counties not listed in the 8-foot area.

8-foot area.—Bon Homme, Charles Mix, Clay, Douglas, Gregory, Hutchinson, Lincoln, Turner, Union, and Yankton.

WISCONSIN

6-foot area.—All counties.

Other Regions.—The recommended crib width shall not be in excess of the width considered practicable for safe storage in the county as determined by the State and county committees.

G. VERTICALLY VENTILATED STORAGE STRUCTURES

Corn stored in vertically ventilated, tight-walled storage structures will be acceptable for loans, provided:

1. The structure is a separate unit located where there is a free circulation of air from all directions.

2. It has a secondary slatted bottom at least 8 inches above the solid bottom which permits air to circulate upward through the corn.
3. The roof is equipped with an effective rotary or syphon ventilator, and the structure has an adequate air inlet under the grate floor which can be closed in bad weather.
4. The depth of corn in such a structure is no greater than the recommended crib width for the county in which the structure is located and the moisture content of the corn does not exceed 18½ percent.
5. In case the depth of corn is greater than the recommended width for the county, the corn will be acceptable for loan provided the moisture content of the corn is one-half percent less than 18½ percent for each additional foot in depth.

H. APPLICANTS

Producers desiring loans on their 1939 corn should make application to the county committee of the county in which the corn is stored. The county committee should explain the program to the producer. If it appears that the producer and his corn are eligible for a loan, the county committee should prepare Section 1 of Work Sheet, 39 Corn Loan 1, direct the corn loan inspector to call at the farm to inspect the corn and structure. A representative sample from each crib and both copies of the work sheet shall be forwarded to the State office by the inspector for grade determination; one copy showing the grade determination shall be returned to the county office by the State committee. If the storage structure and corn are found to be eligible for a loan, the county committee shall prepare the loan documents and notify the applicant to call at the county office to complete the loan.

Producers transferring eligible corn to another county shall furnish the committee of the county where the corn is stored with a written certification as to the eligibility of such corn, the proper loan rate, and a list of existing liens, signed by a member of the committee of the county where the corn was produced. The loan rate of the county where the corn was produced shall prevail.

In States where the chattel mortgage must be filed in the county where the producer lives, the county committee may prepare loan documents in the county where the producer lives for corn stored in an adjoining county, provided the land upon which the corn is stored is considered part of the borrower's farming unit.

PART II.—INSTRUCTIONS FOR INSPECTORS, COUNTY AND STATE COMMITTEES, COMPLETION OF WORK SHEETS

A. GENERAL

Inspectors for 1939 Corn Loan Program shall be appointed by the county committee, subject to the approval of the State committee. Qualifications in general shall require that the inspector be an actual farmer, cooperating in the agricultural conservation program and having a thorough knowledge of corn and its storage.

Each inspector should be thoroughly familiar with all phases of the loan program and study bulletin, 38-Corn-2, "Corn Storage in the Ever Normal Granary," in order to advise producers as to types and construction of acceptable structures.

It is the duty of the inspector to make inspection of corn and storage structures as instructed by the State and county committees. A

work sheet must be completed in detail and submitted to the State committee with a representative sample of corn from each crib. The county committee will furnish the inspectors with 39-Corn Loan-1, "Ear Corn Work Sheet," for each crib to be inspected and sampled.

B. WORK SHEET

Section I of the Work Sheet shall be completed in detail by the county committee at the time the producer makes application for a loan. The inspector shall complete section I, by adding the seal number and rechecking each item to make sure it has been properly answered. This is important, as it is contemplated that the loan documents will be completed from the information contained in this work sheet. The space provided for "Preliminary Inspection Fee Paid," shall be left blank.

Section II shall be completed by the State committee by entering the grade determined for the sample of corn submitted. The State committee shall sign and return one copy of the work sheet to the county committee, indicating whether such corn is eligible for a loan. The county committee shall use this grade in making up the loan documents.

Section III shall be completed in detail by the inspector and rechecked by the State and county committees. Item 1 refers to the corn and a check mark should be used to indicate the desired information. Items 2, 3, and 5 pertain to the measurements of the corn which must be actual and not estimated. **A steel tape should be used which indicates measurements in feet and tenths, rather than feet and inches.** This will simplify computations and be more accurate. The corn should be leveled off to insure exact measurements. Do not measure short to take care of settling, husks, and other deductions but allow for these on a percentage basis in Item 8. Correct measurements are necessary to aid in reinspection work or determination of insurable losses. Length and width of a crib should not vary on reinspection, the height of corn may be less due to settling. The multiplications required in Items 4 and 6 shall be calculated by the inspector and rechecked by the State and county committees. The following should be thoroughly understood:

The volume of corn in a rectangular crib is computed by multiplying the width by the length by the height, which gives the cubic feet.

The volume of corn in a round crib is computed by multiplying 0.7854 (one-fourth of pi 3.1416) times the square of the inside diameter and multiplying the product by the average depth of the corn (Formula $0.7854 \times D^2 \times H =$ cubic feet). If the bin has a round ventilator, the square of the outside diameter of the ventilator should be deducted from the square of the inside diameter of the crib before multiplying. (Formula $0.7854 \times (D^2 - d^2) \times H =$ cubic feet), or the volume of the crib and ventilator may be computed separately using the first formula, then subtracting the volume of the ventilator from the volume of the crib.

Items 7 and 8 shall be used to compute the displacements of the actual corn. Allowances should also be made in these items for settling and test weight. Care should be taken to make the proper deductions in order that the corn will weigh out when shelled.

Item 9 shall be used to compute the net cubic feet

Item 10 shall be used to convert the net cubic feet to bushels by dividing the number of cubic feet by $2\frac{1}{2}$, or multiplying by 0.4, either of which will give the result in bushels.

Section IV shall be completed by the State committee, and rechecked by the county committee before making up the loan documents.

Item 11 shall be the number of bushels carried in Item 10 of section III and shall be entered only after the entire section III has been rechecked.

Items 12 and 13 shall be completed in accordance with the following table and instructions:

Loans will not be made on corn with a moisture content greater than 20½ percent. A bushel of ear corn shall be 2½ cubic feet of corn testing not more than 15½ percent moisture.

In the case of corn offered for collateral with a moisture content between 15½ and 20½ percent, the loans will be made at the full rate per bushel but deductions will be made in the total volume of the corn to offset the shrinkage which will take place as the corn dries out. Deductions for moisture content will be made in accordance with the following schedule:

Moisture content:	Deduction
15½ to 16½ percent.....	2 percent
16½ to 17½ percent.....	4 percent
17½ to 18½ percent.....	6 percent
18½ to 19½ percent.....	8 percent
19½ to 20½ percent.....	10 percent
above 20½ percent.....	No loan

For corn containing less than 15½ percent moisture, items 11 and 12 will be left blank.

Item 14—Enter the net quantity of corn eligible for a loan.

Item 15—Enter the net number of dollars to be certified for a loan, which shall be computed by multiplying the net number of bushels in item 14 by the loan rate for the county in which the corn was produced. In case of mixed corn the rate that applies to such corn shall be used.

Item 16—This shall be initialed by the clerk making the above computations.

Remarks.—This space shall be used by the State committee with reference to any question or information regarding the grade of corn in section II or completion of work sheet by county committee or inspectors in section I, III, or V. Any items contained therein shall be checked by the county committee before certification of the loan.

Section V of the work sheet shall be completed by the inspector in detail. A check may be used to indicate the general information desired. The appropriate item must be checked to give the State and county committees a general picture of the condition of the storage structure. Inspectors are instructed to enter the applicable information while on the farm and supplement under "Remarks" any unusual condition or information not clearly covered. The county committees should return the work sheet to the inspector if full information is not furnished.

The inspector shall be guided by the following general instructions, with respect to making inspection of the storage structures and completing section V of the work sheet.

Item 17—Location of crib: Separate structures especially constructed for corn storage are most desirable. Such structures usually offer more protection from rodents, and ordinarily the fire hazard is not so great. A crib built within or attached to a building housing livestock will not be acceptable, unless such crib is separated from

the livestock quarters by a solid wall and the crib itself has proper ventilation **on both sides.**

Cribs built as a part of machine sheds and other buildings which do not house livestock may be acceptable, provided both sides of crib are well ventilated. Extra precaution should be taken by the producer to protect the corn in such cribs from rodents.

If the crib is not a part of the farmstead group and is in an isolated location, extra precaution should be taken by the producer to prevent theft of the corn collateral. Cribs located on river or creek bottom land subject to overflow are not suitable storage structures and should not be sealed for loan purposes unless crib floors are above high-water level. Indicate what kind of structure, if any, the crib is located in, the number of feet the structure is from the nearest building, whether the storage structure is a part of the farmstead group, whether the land on which the structure is located is subject to overflow, and indicate exposure to winds.

Item 18—Structure: Cribs may be built of various materials, but must meet the following general requirements to be acceptable: (1) Hold the corn without loss of quantity; (2) protect the corn from rain, snow, and surface water; (3) provide reasonable protection from damage by mice, rats, and other animals; (4) provide reasonable protection against loss by fire or wind; (5) permit free ventilation through the side walls. Cribs which do not meet these requirements can often be made acceptable by repairing or rebuilding at a reasonable cost.

Item 19—Foundation: A good foundation is very essential to the life and usefulness of a crib. One of the most satisfactory types of foundation is a concrete wall extending below the frost line in the ground and above the ground level at least 18 inches. Concrete piers, stone walls, and stone piers may serve satisfactorily for small cribs but may settle unevenly when overloaded, thereby causing the building to break open and deteriorate rapidly. Wood sills and piers are frequently used for small cribs but are subject to rapid decay, and cribs with this type of foundation should not be sealed for a loan if the sills and piers are in a condition which would make the storage of corn hazardous. A continuous foundation wall supporting a wooden floor should have screened openings for ventilation.

Item 20—Floor: Solid concrete floors should extend at least 12 inches above the ground level. Low concrete floors are not desirable, in that they may become very wet and cause the corn in the bottom of the crib to spoil. A concrete floor with shelling trench is more desirable than a solid concrete floor, since such floors must necessarily be 18 to 24 inches above the ground level and the plank-covered trench allows free circulation of air under and into the bottom of the crib.

Wood floors built on a proper foundation are ordinarily not constructed so tightly as to prevent ventilation in the bottom part of the crib, and this enables the corn in the lower part of the crib to dry out, whereas if it were not for this ventilation the corn might spoil. Such floors should be from 12 to 24 inches above the ground level. This affords protection against moisture and allows better ventilation under the crib. Any crib which is high enough above the ground so that cats and dogs can run underneath the floor will be relatively free from rodents.

Steel cribs are frequently constructed with metal floors. Such floors should be at least 8 inches above the ground. A good precaution before filling such crib with corn is to lay a board floor on the metal in order to prevent the corn in the bottom of the crib from spoiling.

Item 21—Walls: Crib walls must be strong enough and properly braced to withstand the outward and downward pressure of the corn. Studs should be securely attached to the floor and of such dimension and spacing as is necessary to withstand the pressure of stored corn. Horizontal beveled boards with 1-inch spacing are preferred for siding. Tight siding should extend down from the plate line one-fifth to one-third the height of the wall. When wire or slat cribbing is used crib boards or metal sheets extending upward 2 feet from the floor should be used to protect the corn from poultry and small livestock.

Item 22—Bracing: Proper bracing is one of the most important features of good crib construction. A great amount of material in braces is not necessary, but the proper choice and placing of this material and good fastenings are highly important. Cross ties of wire or steel rods are usually undesirable. Desirable types of crib bracing are described and illustrated in the bulletin, entitled "Corn Storage in the Ever Normal Granary."

Item 23—Roof: The inspector should see that the roof is tight, substantial, and well nailed. Roll roofing is subject to wind destruction and ordinarily not satisfactory as a covering for a permanent roof.

Item 24—Ventilation: Crib walls should be slatted or have ventilation openings on both sides upward from the floor line to permit cross ventilation. Small cribs should be slatted the full height except for 18 to 24 inches under the eaves. High cribs should be tight-sided downward one-fifth to one-third the distance from the upper plate line. Ventilators or flues may be necessary to accelerate drying of the corn.

Item 25—Sealing of crib: Cribs must be completely and securely enclosed so as to require a forceful breaking to make entry. The producer should be advised by the county committee at the time he makes application for a loan that he should be prepared to securely enclose the crib before the inspector places the seal on the crib and leaves the premises.

Item 26—Handling of corn: Proper consideration should be given as to how the corn has been handled; this has a material effect on how the corn will keep and shell out. The inspector should ascertain the dates on which the corn was placed in the crib in order to more accurately estimate the proper deductions.

Section VI. The inspector shall give his recommendation, date, and sign the work sheet. State and county committees are instructed to return the work sheet to the inspector if above procedure is not followed. **If the crib is obviously not an acceptable storage structure, the inspector should so inform the producer, complete the work sheet, state reason for rejection under "Remarks," and return it to the county office.** Do not send a sample or work sheet to the State office in case the inspector does not recommend that crib be accepted for a loan.

C. SEAL

The inspector shall place a seal (CL-1) on each crib inspected and sampled before leaving the premises if the corn and structure appear eligible for a loan. Each seal shall be numbered by the county office before distribution to the inspectors. The numbers shall be consecutive starting with 1 in each county and be prefixed by the numerals 39, for example, 39-1, 39-2. The inspector shall insert the seal number in the upper right-hand corner of the work sheet and shall also enter the seal number of other cribs sealed, which the producer desires placed under one note and mortgage.

D. TAKING OF REPRESENTATIVE SAMPLE

The taking of a representative sample is the most important part of the inspector's work. The county committee will supply the inspector with an approved ear-corn probe for taking samples. The inspector should take corn samples from a number of different locations in the crib. Several samples should be obtained from near the bottom of the crib **where the early picked corn may be located.** He should probe those spots where there **may be damage due to accumulation of shelled corn or trash**, as under the conveyor spout if the crib were filled by an elevator.

The corn samples from each probe should be examined carefully. If the inspector finds that the corn is infested with insects, heating or otherwise obviously below the grade requirements, he shall withhold recommendation of the collateral for a loan, and immediately inform the producer.

If the corn appears to be eligible for a loan, the inspector should at once thoroughly blend the samples taken from the crib and a representative portion of this mixture immediately shall be placed in a moisture-proof container, supplied by the county committee. The work sheets should be inserted between the inner cellophane envelope containing the moisture sample and the Kraft envelope so that the forms will not absorb moisture from or impart moisture to the sample. Samples of corn must be mailed the same day they are obtained. Each inspector should provide a suitable measuring cup holding at least $1\frac{1}{8}$ pints of corn. All samples should be checked as to the volume in order to provide a sufficient sample to make proper grade determination in the State office. Care should be taken by the inspector to insert the right work sheet with each sample of corn submitted.

PART III.—INSTRUCTIONS TO STATE AND COUNTY COMMITTEES FOR COMPLETING LOAN DOCUMENTS

It is contemplated that hereafter all loan forms will bear the year when the crop was produced. A list of the forms to be used for the 1939 corn loans is as follows:

- 1939—CCC Corn Form A—Corn Producer's Note.
- 1939—CCC Corn Form A-1—Corn Chattel Mortgage.
- 1939—CCC Corn Form AB—Corn Loan Waiver.
- 1939—CCC Corn Form B—Producer's Letter of Transmittal.
- 1939—CCC Corn Form C—Lending Agencies' Letter of Transmittal.
- 1939—CCC Corn Form D—Contract to Purchase.

1939—CCC Corn Form E—Schedule of Repayments.
 1939—CCC Corn Form I—Instructions.
 1939—CCC Corn Control Card.
 1939—Corn Loan 1—Ear Corn Worksheet.
 Corn Loan 4, Revised—Report of Loans Certified.
 Corn Loan 6—Transmittal of Fees to Commodity Credit Corporation.
 CL 1—Seal.
 CL 2—Receipt.

The county committees shall prepare all loan documents in the county office and transmit the following to an approved lending agency or direct to Commodity Credit Corporation, Chicago, Illinois:

1939—CCC Corn Form A—Note (original).
 1939—CCC Corn Form A-1—Chattel Mortgage (original or duplicate copy showing certification of filing).
 1939—CCC Corn Form B—Producer's Letter of Transmittal.
 Insurance Certificate.

The chattel mortgage and insurance certificate are submitted for approval by the payee and shall be returned to the county office.

Each set of loan documents should be checked carefully by the county committee before approval. No documents containing additions, alterations, or erasures will be accepted.

A. INSURANCE

There are two types of insurance coverage in connection with the corn loan program. These coverages are referred to as primary and secondary insurance. The producer must obtain the primary insurance coverage on the corn and submit evidence of the same in the form of a complete certificate of insurance as shown in 1939 CCC Corn Form 1. The secondary insurance is the blanket policy secured by the Commodity Credit Corporation to protect the borrower, the local lending agency, and the Corporation against errors or omissions in the primary insurance, such as failure of primary insurance company to pay loss, or a loss on account of theft, conversion, and certain other risks not covered by the primary insurance carried by producers. The cost of **secondary** insurance will be paid by the Commodity Credit Corporation from that portion of the service fees which is transmitted to the Corporation by the county committee.

Each insurance representative desiring to sell primary insurance must furnish the county committee with his name and address, the name of the company he represents, the premium rate per hundred dollars, and policy fee, if any. This information shall be listed by the county committee and be made available to each borrower. At the time the producer makes application for a loan, he shall designate the insurance representative from whom he desires to purchase his certificate, and such information shall be entered on the work sheet below the space "List of Lien-holders." The county committee will notify the insurance agent selected by the producer to prepare the insurance certificate for an amount not less than the face value of the note, plus interest for 1 year. This insurance certificate must be attached to the copy of the chattel mortgage which is submitted to the payee.

B. CORN PRODUCER'S NOTE

1939—CCC Corn Form A, "Corn Producer's Note," shall be typed in triplicate. The producer shall sign only the original which is

forwarded to the payee. The duplicate copy, unsigned, is given to the producer and the triplicate copy, unsigned, is kept on file in the county office with the producer's loan documents and work sheet. The **date** of the note shall be the date the producer signs. The amount of the note shall be taken from item 15 of section IV of the work sheet or if more than one crib of corn is being included in one note and mortgage, the amount shall be the total of items 15 of all work sheets so included on the chattel mortgage.

The **payee** may be a lending agency approved by Commodity Credit Corporation and designated by the producer, or if the loan is a direct loan the Corporation should be indicated as the payee. The **producer** and witness shall sign the original note in ink or indelible pencil. The producer's name and address shall be typed on the note on the line provided therefor. The address of the witness may be written or typed in the appropriate space.

A **serial number** shall be assigned to each note, which number shall be consecutive, beginning with 1, as prepared in the county office, prefixed by the State and county code. Example: 47-061-1.

C. CHATTEL MORTGAGE

1939 CCC Corn Form A-1, "Corn Chattel Mortgage," shall be prepared in triplicate in the office of the county committee. Care must be exercised in order that this instrument be properly executed and filed of record. Commodity Credit Corporation will make loans only on corn free from all prior liens.

Caption of chattel mortgage forms.—The county committee shall type in the upper right-hand corner the State, county, and serial number. The entry shall be the name of the State and county in which the loan documents are prepared. The serial number must correspond to that appearing on the accompanying note. The space for the custodian number is to be left blank. Type the producer's name and address, which must correspond with that appearing on the note, and the county and State indicated in this line must be the county and State in which the producer lives and may not always correspond with the name of the county appearing above. Enter the amount and date of the note, and the name of the payee as it appears on the note.

Section 1 of chattel mortgage.—Enter the legal description of the location on which the corn is stored. Only corn stored on one quarter section should be included in the same chattel mortgage.

Information for columns a, b, c, d, e, and f, is to be taken from the work sheet. List each seal number and applicable information on a separate line. The total of column (f) must be the same as the amount of dollars appearing on the note.

Section 2 of chattel mortgage sets forth the warranties made by the producer, which should be understood by the producer and those working with the loan program. In item (b) enter the county and State where the corn was produced. In item (c) enter whether producer is landlord or tenant, and if tenant, enter the expiration date of lease. In item (e), where required by law, enter whether producer is married or single.

Sections 3, 4, 5, and 6 of chattel mortgage set forth agreements and conditions entered into by and between the producer and Com-

modity Credit Corporation, and should be understood by the producer and those working with the loan program. If the producer elects to turn the corn over to Commodity Credit Corporation in satisfaction of his loan, he must, without cost to the Corporation, shell and deliver the mortgaged corn to a **shipping point** designated by the holder of the note, which shipping point is reasonably convenient to the producer.

Section 7 of chattel mortgage provides for signatures, witnesses, and the acknowledgment. Signatures and authorizations should be in accordance with Form ACP-16, "Instructions on Signatures and Authorizations," issued by the Agricultural Adjustment Administration, October 1, 1936.

Each chattel mortgage must be properly signed in ink or indelible pencil and witnessed or acknowledged in accordance with the State law, to be acceptable to Commodity Credit Corporation. Reference should be made to State law requirements as outlined in 1939 CCC Corn Form 1.

Section 8 of Chattel Mortgage, "Liens," provides for the listing of the names of lienholders, if any, and their waivers. If there are no lienholders, insert the word "none." The names and signatures in this section must be the same as those appearing on the recorded liens. Waivers may be secured on the chattel mortgage or 1939 CCC Corn Form AB may be used and attached.

Prior to the preparation of the note and mortgage, the county committee shall have the list of lienholders supplied by the producer checked with the county records to be certain that all existing liens of record in force with respect to the corn are shown. These records are so maintained that a representative of the county committee, once the method of keeping them is explained to him, will have no difficulty in quickly ascertaining the existence of any liens of record with respect to corn offered as collateral for a loan. The person checking the records should make a memorandum of the liens so that waivers may be secured. It may be practical for the county committee to arrange with the county recording official for a lien abstract.

Section 9 of chattel mortgage, "Consent for Storage."—When the borrower is a tenant the expiration date of the lease must be given in section 2 (c) of the chattel mortgage. If the expiration date of the lease is prior to October 15, 1940, the landlord shall execute the consent of storage. This section must also be signed by any other party or parties entitled to possession of the farm or storage structure prior to October 15, 1940.

Sections 10 and 11 of chattel mortgage need only be completed in States where required by law (see section 6 of 1939 Corn Form 1).

Section 12 of chattel mortgage, "Certification of True Copy," must be executed on the duplicate copy where required by law. (See section 6 of 1939 Corn Form 1).

Section 13 of chattel mortgage, "Receipt of County Recording Official," must be completed on the copy submitted to the payee.

Section 14 of chattel mortgage must be signed and dated by a member of the county committee, signifying his approval as to the contents of the chattel mortgage. This section should not be signed

before all items are completed and checked and the chattel mortgage is ready to be filed.

Filing of chattel mortgage.—It shall be the duty of the county committee to see that the original or duplicate copy of the chattel mortgage (as required by law) is placed on file with the proper county recording official. The original and duplicate copy of the chattel mortgage shall be submitted to the recording official with the request that he complete section 13 of the copy to be submitted to the payee.

Releasing of chattel mortgage on file.—The county committee shall release the chattel mortgage of record for Commodity Credit Corporation by filing an instrument of release or by a margin release in the county records, when the producer presents his note stamped or marked paid in full or when notified by Commodity Credit Corporation that such note or loan has been fully satisfied.

In the event it is necessary to prepare a new chattel mortgage, the original mortgage should be released of record at the time the new mortgage is filed, provided that there are no intervening liens of record.

Counties in which the recording officials request written authority from Commodity Credit Corporation to make releases should notify the regional director through their respective State offices.

Cost of filing, checking title, releasing chattel mortgage, and notarial fees in connection with corn loans should be paid as an association expense.

D. RECORD OF LOAN CERTIFICATIONS

A summary record of all corn loan certifications made by the county committee will be maintained on Corn Loan 4, Revised, "County Committee Report of Corn Loans Certified."

Purpose.—The purpose of this form is to maintain in the county, State, Chicago, and Washington offices a complete record of all corn loans certified by the county committee. Upon receipt of this form in the State office, it will be audited by the county association section to determine that the amount to be transmitted to the Commodity Credit Corporation, as shown on the related Form ACP-9 is correct.

Preparation of form.—One copy of Corn Loan 4 should be kept current from day to day as loans are approved, entering all items, including the amount of the service fees. This copy may be used as the county office file copy. Enter a check mark in the margin opposite the amount of the service fee when Form CL-2, "Receipt," has been written during the month.

At the end of the month, three additional copies should be typed for corn loans certified during the month, omitting the amount in column (k) in case the service fee has not been collected. The entry in "Total for this month" for column (k) will be the total of entries collected for the loans certified during the current month. The original and two copies shall be forwarded to the State office with Form ACP-8 and related forms for the month (North Central Region—see Part XII, NCR-404). The State committee shall retain the triplicate copy and forward the original to the office of the re-

gional director, and the duplicate copy to the Commodity Credit Corporation, 164 West Jackson Boulevard, Chicago, Ill.

Entries.—Enter in the heading of Corn Loan 4, Revised, the State and county code number, the month and year for which the report covers, and the State and county.

Column (a). Enter the serial number for each loan without the State and county code numbers.

Column (b). Enter the seal number for each crib on a separate line.

Column (c). Enter date of loan, which will be the date appearing on the note.

Column (d). Enter producer's name and address which will be the same as that appearing on the note.

Column (e). Enter D when loans are made direct with Commodity Credit Corporation. Enter I when loans are made through a local lending agency, indicating "Indirect" loans.

Column (f). Indicate the color of the corn, white, yellow, or mixed (W, Y, or M) offered as collateral for each seal number as shown on the chattel mortgage.

Column (g). Enter the number of bushels of corn offered as collateral for each seal number.

Column (h). Enter the loan rate on which the amount of the loan has been computed.

Column (i). Enter the total number of dollars computed for a loan with respect to each serial number.

Column (j). Enter the local market price of similar grade and class of corn as of the date of the loan.

Column (k). Enter on the copies of Corn Loan 4, Revised, submitted to the State office the amount of service fees actually collected, for which a receipt form CL-2, was issued to the producer. Make no entry in column (k) if the service fee has not been collected. The total of the entries in this column will represent service fees actually collected for the month and deposited in the association account by the treasurer.

Service fees not collected for loans certified during the month for which a report is made, but are collected during subsequent months, shall be recorded by the county committee on their copy of the previous report, by entering the date of such collection in the margin. The total amount of these subsequent collections shall be entered in the space provided at the bottom of the page of the current report, on line "Fees collected this month for loans previously reported." The total of column (k) as it appears in the last line will represent the total amount of collections made with respect to 1939 corn loans.

At the bottom of this report, complete the first line total for the month for all columns. Enter in the second line the service fees collected during the current month for loans previously reported. In the third line carry forward the totals reported for previous month or months. The last line shall be the cumulative total for the loaning period. This report shall be signed by the chairman of the county committee or secretary of the county association. The State committees are requested to return this form to the counties for correction if not properly completed.

It is urged that each county keep this report accurately for each month and if any corrections or cancelations are necessary, they should be handled in the following manner:

Prior to the preparation of Corn Loan 4, Revised, for the current month, if any errors are discovered in previous reports, a Corn Loan 4, Revised (Correction Report) should be prepared. In the body of the Correction Report insert the caption "Canceled" and list data for loans listed in a previous report which were not completed for any reason. Below this listing type a double line and enter caption

"Corrections." List all loan data correctly as they should have appeared in previous reports and underline with red the item or items that were incorrectly listed. Correct the county copies of the previous reports and arrive at new corrected totals which will be entered on the respective lines of the Correction Report to show totals that should have appeared on the last report. "Total through date of this report" appearing on Correction Report should be used in arriving at cumulative total for the current month.

E. CONTROL CARDS

At the time of preparation of the loan documents in the county office, two copies of control card should be prepared for each loan, giving all information available at this time.

Give all data for a single loan on the card so that the one card will serve as a record for the entire loan. If only one seal number is included in the loan, the seal number, bushels, etc., may be entered in the second line. If more than one seal number is covered by the loan only the totals should be shown under "net bushels" and the amount and information in regard to the various seal numbers should be entered in the space provided above "Remarks." Care should be taken to enter the data exactly as they appear in the loan documents. The original copy of the control card shall be forwarded to Commodity Credit Corporation, 164 West Jackson Boulevard, Chicago, Illinois, with the loan documents, in case they are submitted for a direct loan. All control cards for loans made with other lending agencies will be **mailed to the Chicago office at the end of each week.** The duplicate copy will be retained in the county office, and information in regard to the loan should be entered under "Remarks" or on the reverse side of the control card.

F. TRANSMITTAL OF FIFTY PERCENT OF CORN LOAN SERVICE FEES TO COMMODITY CREDIT CORPORATION

The treasurer of the county committee shall transmit, by check, 50 percent of all service fee collections to the Commodity Credit Corporation, Washington, D. C., upon receipt of the approved Form ACP-9.

Corn Loan 6 Transmittal letter shall be prepared in quadruplicate. The original and one copy attached to the association check and transmitted to the Corporation with self-addressed official penalty envelope. Two copies of Corn Loan 6 shall be forwarded to the State committee, who will retain one copy and forward the other copy to the regional director.

The Commodity Credit Corporation, upon receipt of the association check and two copies of Corn Loan 6, will receipt one copy and return it to the association treasurer, who will attach it to Form ACP-11, in lieu of Form ACP-12.

From the above-mentioned fund, the Commodity Credit Corporation will pay for the secondary insurance and the balance of the fund will be apportioned by the Agricultural Adjustment Administration for the following purposes:

1. Maintenance and operation of moisture-testing and grading laboratories under supervision of State committees.

2. Redistribution to counties which have a relatively high administrative expense due to smaller number and size of loans.
3. Maintain a reserve fund for State and county committee administration of corn loan programs in years when there is a small volume of new loans and heavy liquidation of old loans.

PART IV.—INSTRUCTIONS TO STATE AND COUNTY COMMITTEES FOR THE SUPERVISION OF 1938, 1938–1939 CORN LOANS EXTENDED OR RENEWED, NEW LOANS ON 1939 CORN

In executing corn chattel mortgages on forms 1938 CCC Corn Form A, 1938–1939 CCC Corn Form A–4, and 1939 CCC Corn Form A–1, the producers agree under section 3 thereof that any holder of a note may declare the loan due and payable, provided:

1. The average farm price of corn as determined by the Bureau of Agricultural Economics, United States Department of Agriculture, shall be at or above parity as determined under the Agricultural Adjustment Act of 1938, as amended;
2. It is discovered that the undersigned producer has made any misrepresentation in connection with his loan or the renewal thereof;
3. The corn collateral becomes damaged or threatened with damage or otherwise impaired or abandoned, or
4. The undersigned producer files a petition in bankruptcy for the composition or extension of debts under the Bankruptcy Act.

The producer authorizes the holder or agent thereof, or any agent or representative of the Secretary of Agriculture, of the United States Department of Agriculture, to enter at any time on the premises described, for the purpose of inspecting the corn and storage structure. In all cases the 1938 and 1938–1939 corn loans which have been extended or renewed the Commodity Credit Corporation is the holder of all notes. The 1939 corn loans may be held by a lending agency or the Commodity Credit Corporation. The Commodity Credit Corporation has agreed with all lending agencies who have executed 1939 CCC Corn Form D to purchase all eligible corn loan notes tendered to it on or before July 1, 1940. Consequently, the Commodity Credit Corporation is an interested party in connection with all corn loan notes and, therefore, a representative of the Agricultural Adjustment Administration should give to such loans the same attention and supervision as given to those represented by notes held by the Commodity Credit Corporation.

In section 2 of the chattel mortgage the producers have made certain warranties to all holders of the corresponding notes, namely: that the corn offered as collateral is merchantable, field corn, grading No. 3 or better, which is in existence and in good condition; and that the corn will be kept in its respective bins or cribs, sealed according to the regulations of the Secretary of Agriculture of the United States; the producer has agreed to maintain the corn structures in good condition on the farm. Therefore, if corn or storage structure is damaged or threatened with damage the loan may be called.

The producer provided primary insurance on all 1938 and 1938–1939 corn loans at the time the loans were made. This insurance is

in effect for a year thereafter. When the 1938 and 1938-1939 corn loans were renewed, the original primary insurance was carried over and will apply to the extended loans for the duration of the original year. After the expiration date of the respective primary insurance certificates, the Commodity Credit Corporation, as holder of the note, assumes the insurance risk covered thereby.

On all 1939 corn loans, the producer furnishes a certificate of primary insurance which protects the producer and holder of the note against any losses as set forth in the certificate. The Commodity Credit Corporation will purchase secondary insurance for all 1939 corn under loan.

A. SUPERVISION

The Agricultural Adjustment Administration is charged with the administration and supervision of corn loans. Therefore, in order to better protect the interests of the producers and the Commodity Credit Corporation, it is necessary that representatives of the Agricultural Adjustment Administration, including members of the State and county committees, maintain careful supervision of all loans and see that the reinspections are carefully made, and that reports are submitted at regular intervals, as may be requested by the State committee. A summary of the reports by the county committees should be made in the respective States and submitted to the office of the regional director for the months of March, April, May, and June. This report should include a general statement, by counties, as to the condition of the corn, the number of reinspections, loans called, and any other pertinent information regarding the loans.

B. REINSPECTION AND REPORTS

The county committees shall maintain supervision of all the loans within their respective counties at all times and make a general reinspection of all loans as required by the State committee. The county committee shall report to the State committee on any corn collateral that is damaged or threatened with damage or loss. Such reports shall be made on Corn Loan 11, Revised.

C. PREPARATION OF CORN LOAN 11 REVISED

Instructions for the preparation of Corn Loan 11, Revised, are on the reverse side of the form. In order that those working with the loan program may have a clear understanding of the condition of the corn collateral it is very important that a full and complete explanation be given of the structure and corn under "Remarks." Sufficient information should appear on the form to enable the State committee and Commodity Credit Corporation to pass judgment on the advisability of continuing the loan.

D. DAMAGE TO COLLATERAL

All borrowers should be instructed to notify their respective county committee of any loss or damage to the corn collateral held under loan. In case of damage or loss reported by the producer or found

on reinspection the county committee shall proceed as hereinafter outlined. Arrangements should be worked out by and between county committee and producer to best protect the interest of the borrower and holder of the note. In all cases of loss or damage the county committee shall investigate the case, and make a complete report to the State committee on Corn Loan 11, Revised. The State committee shall notify the Commodity Credit Corporation. In cases where quick action is necessary to preserve the corn collateral, county committees should immediately contact or wire the State office.

PART V.—INSTRUCTIONS RELATIVE TO INSURANCE ADJUSTMENTS, CALLED LOANS, AND REPAYMENT OF LOANS

The primary insurance purchased by the producer as evidenced by insurance certificate covers any loss occasioned by fire, lightning, windstorm, cyclone, tornado, and hail.

The Commodity Credit Corporation will secure secondary insurance coverage on all 1939 corn under loan which covers any loss occasioned by flood, theft, conversion, and any errors or omissions in the primary insurance or failure of primary insurance company to pay the loss.

Immediately upon being informed of damage or loss from any of the above hazards covered by primary or secondary insurance, the county committee shall investigate and prepare a complete report on Corn Loan 11, Revised, and instruct the producer to take the steps necessary to preserve the collateral against any further damage. Notice of loss shall be furnished all interested parties as follows:

One copy of Corn Loan 11, Revised, to insurance company issuing insurance certificate if a primary insurance loss. Three copies of Corn Loan 11, Revised, to State committee. The State committee shall forward one copy to Commodity Credit Corporation office, Chicago, Illinois, and one copy to the office of the regional director and keep one copy on file.

Commodity Credit Corporation does not carry secondary insurance on 1938 or 1938-39 corn loans that have been renewed. On such loans and in any case where the primary insurance has expired, the county committee shall proceed as herein provided except that it will notify Commodity Credit Corporation instead of the insurance company. The committee should take the necessary steps to reseal the undamaged portion of the corn collateral, determine the actual loss, and make complete report to Commodity Credit Corporation, sending a copy to the State committee.

Where a loss has occurred and the producer carries general insurance that covers the corn loan collateral, the insurance company shall be notified as herein provided, and adjustment made in accordance with the provisions of the policy.

A. LOSS ADJUSTMENT

In the event of loss or damage to any of the corn collateral, and such loss or damage is covered either by primary or secondary insurance, the basis of adjustment shall be the actual loss at market-value

computed as of the time and place of the loss or the loan value plus accrued interest, whichever is higher, and shall be payable to the insured or the holder of the note secured by such corn as their respective interests may appear.

B. PARTIAL LOSS ADJUSTMENT

In the event that only part of the corn collateral has been damaged any undamaged portion grading No. 3 or better may be resealed in farm storage. The quantity of corn resealed as evidenced by a certificate of the county committee shall be credited on the loss adjustment with the insurance company and shall remain the producer's collateral under the terms of the chattel mortgage. If corn is moved to new legal description a new chattel mortgage shall be prepared and filed of record. The amount of loss will be paid to Commodity Credit Corporation and an indorsement made on the note showing corresponding credit.

In the event that the undamaged portion of corn collateral cannot be resealed for farm storage, the Corporation will accept delivery of the corn collateral grading No. 3 or better at a shipping point reasonably convenient to the producer and credit such amount at loan value on the face of the note, provided: (1) The producer shells and delivers the corn collateral to an approved storage elevator, or to an approved loading elevator if delivered in carload lots, (2) a storage receipt is issued in the name of Commodity Credit Corporation, (3) storage charges are paid in advance by the insurance company at the rate of 1 cent per bushel per month or part thereof for the remainder of the original loan period terminating on August 1, 1940, (4) that the producer waives all interest in the collateral and such collateral becomes the property of Commodity Credit Corporation.

C. RESEALING OF UNDAMAGED COLLATERAL IN FARM STORAGE

Arrangements for resealing of the undamaged portion of corn collateral for farm storage may be made by primary or secondary insurance company with the producer. If the producer desires to continue any portion of the corn under seal that will grade No. 3 or better the producer should cooperate with the insurance company in providing a suitable storage structure and moving corn to new location. The county committee may incur expense in connection with the inspection and resealing of the undamaged portion of the corn collateral. No other expense should be incurred except upon mutual agreement with the insurance company or producer that such expense will be assumed by them.

If the undamaged portion of the corn collateral is to be resealed in farm storage the insurance company will arrange with the county committee to have the corn and structure reinspected and if such corn and structure are found eligible, the county committee will issue a certificate in the form hereinafter outlined and deliver the same to the Commodity Credit Corporation and attach a copy to the chattel mortgage on file in the county office.

The undersigned member of the county committee certifies that the corn securing loan of

(Name and address of borrower)

Serial No.----- Seal No.----- for \$----- was reinspected on
----- after reported damage from----- that
(Date of reinspection) ----- bushels of corn have been resealed in a structure meeting the require-
ment of Commodity Credit Corporation and that such resealed corn is un-
damaged and meets the requirements of "eligible corn" as defined in the printed
instructions of Commodity Credit Corporation.

-----, -----, Agricultural Conservation Committee
(State) (County)

----- 193--

By-----
(Signature of member)

The Commodity Credit Corporation will accept the above certifi-
cate and attach it to the note and credit such amount toward the loss
settlement at loan rate plus interest.

D. RISKS NOT COVERED BY INSURANCE

The producer has agreed to protect the corn collateral in farm storage
for the period extending 75 days beyond maturity date of the note.

In the case of any risk not covered by insurance, such as damage
from insects, rodents, rain, snow, and other similar hazards, the pro-
ducer should be notified to fumigate, repair the structure, or take
any other steps necessary to preserve the corn in good condition until
the end of the above-mentioned period. Such treatment or repairs
will be at the producer's expense. Corn Loan 13 is to be used to notify
the borrower of any such damage, and also to instruct him to take
whatever steps are necessary to preserve the corn. A copy of the Corn
Loan 13 should be kept on file in the county office.

E. CALLED LOANS

County committees should recommend that loans be called only
when the corn is heating, spoiling, or otherwise seriously deteriorat-
ing in quality or when losses due to insects, rodent infestation, or
storage structure defects, may not be recoverable under the offset
agreement in Section 5 of the Chattel Mortgage. State committees
should be satisfied that such condition exists before concurring in such
recommendation.

County committees will prepare four copies of Corn Loan 11, Re-
vised, and forward them to the State office. If the State committee
recommends that the loan be called, it will complete Section 8 of
Corn Loan 11, Revised, and forward one copy to the Commodity
Credit Corporation, 164 West Jackson Boulevard, Chicago, Illinois,
one copy to the Regional Director, one copy to the county office, and
retain one copy for its files. The Commodity Credit Corporation will
notify the county committee by forwarding two copies of 1939 CCC
Corn Form L, one of which will be forwarded to the producer by
the county committee, and the other copy filed in the county office.
Corn Loan 15 may be used to make a record of delivery and grade
determination.

County committees are to submit a complete report for each called loan on 1939 CCC Corn Form N to Commodity Credit Corporation, Chicago, Illinois. One copy should also be forwarded to the State committee.

In all instances, where there is a deficiency in quality, county committees are requested to secure payment of the same, if possible, at the rate provided in the schedule of discounts given below:

REVISED SCHEDULE OF DISCOUNTS FOR YELLOW, WHITE AND MIXED CORN EFFECTIVE
NOVEMBER 27, 1939—(SUBJECT TO REVISION)

Grade No. 4—One Cent (1¢) per Bushel

Grade No. 5—Two Cents (2¢) per Bushel

Sample Grade

Minimum test weight (pounds)	Moisture (percent)	Cracked corn and foreign material (percent)	Total (percent)	Heat damaged (percent)	Discount rate per bushel (cents)
44.....	17.5	10	15.1-19.9	5	3
44.....	17.5	10	20.0-24.9	5	4
44.....	17.5	10	25.0-29.9	5	6
44.....	17.5	10	30.0-34.9	5	8
44.....	17.5	10	35.0-40.0	5	10

NOTE.—THIS IS THE FOURTH SCHEDULE (including schedule shown in Corn Loan 8) that has been issued. **Delivery date governs schedule to be used.** However, discounts shown below are applicable to this and all previous schedules.

Any lot of corn grading Sample Grade solely on account of stones and/or cinders, or which is musty, or which has any commercially objectionable foreign odor, or cockle burrs, will have a discount of one cent (1¢) per bushel. This one cent (1¢) will be an additional discount if the corn grades Sample due to any of the factors as shown in the above schedule.

Any lot of corn grading No. 3, 4, 5, or Sample, containing weevil or moth infestation, will have an additional one-half cent ($\frac{1}{2}$ ¢) discount.

Discounts will have to be settled by the Special Representative for all corn grading sour, heating, or not coming within the classification of this schedule of discounts.

If the producer is unable to or refuses to pay any deficiency or fails to execute AAA 372, Commodity Credit Corporation will request the Secretary of Agriculture to set-off and pay the deficiency from any payment due to the borrower under programs administered by the Agricultural Adjustment Administration. This authority to make this set-off is granted by the borrower in Section 5 of the Chattel Mortgage.

F. PARTIAL LIQUIDATIONS

In case of partial liquidation, where only part of a bin or crib is damaged or in case of loans covering more than one bin or crib, the county committee may request the delivery for settlement of all damaged corn and continue under seal the undamaged corn.

The net sales proceeds of the corn that is delivered will be credited on the note and no new loan papers will be executed.

In instances where the borrower fails to make delivery, county committees may proceed to shell and deliver the corn and report the expenses incurred on 1939 CCC Corn Form N. In the event the borrower fails to deliver, or refuses to permit the county committee to take possession of the corn, full information should be furnished to the Chicago Office of the Commodity Credit Corporation.

G. REPAYMENT OF LOANS

Producers may repay their loans and obtain release of their corn by paying the face value of the note plus accrued interest and other charges, including storage advance, if any. This can be handled by the county committee or, if the note is held by Commodity Credit Corporation, a cashier's check, money order or draft may be sent direct, or if the note is held by a local bank, payment may be made to the bank.

County committees may release loan corn if paid the full amount of the loan or if they have received the canceled notes or mortgages from Commodity Credit Corporation, or if they have received the canceled notes from a local bank.

Producers who have placed two or more bins or cribs under one loan may redeem one or more of such bins or cribs as above outlined, and corresponding credit will be shown on their notes. Release of only a part of a bin or crib will not be permitted.

Producers who have loans on corn stored in local warehouses may redeem their corn by forwarding the face value of the note plus accrued interest, and any other charges, directly to the Commodity Credit Corporation agency holding the paper, or by requesting the agency to forward the loan papers to a local bank for collection. If the loan is paid directly, Commodity Credit Corporation will forward the warehouse receipt as directed by the producer.

County committees may authorize the release of farm stored loan corn for the purpose of delivery for sale upon the request of producers only if county committees are satisfied that satisfactory arrangements have been made to forward to the county committee enough of the proceeds of the sale of the corn to pay the loan in full, and that in the event such proceeds are insufficient, the producer will immediately pay any difference.

In some cases, producers may wish to release a bin or crib and deliver part of the corn and use the remainder for feed on the farm. If it is impossible for such a producer to make satisfactory arrangements with his bank or otherwise to pay the full amount of the loan in advance, and the proceeds of the sale of corn are needed to pay the loan, county committees should be careful in authorizing release and supervising delivery of the corn so that the interests of Commodity Credit Corporation are protected at all times. No loan corn should be released for the purpose of feeding on the farm until the borrower is able to make settlement in full for same.

In all cases of delivery and liquidation of loan corn, it is well for both producer and prospective purchaser to understand that they are handling mortgaged property and that all transactions should be made in a legal and business-like manner.

It should be borne in mind that the permission to remove the seal and shell and deliver the corn does not constitute release of the chattel

mortgage. The mortgage is released only when the canceled notes are returned.

In computing interest and other charges up to November 1, 1939, the county committee shall be guided by the following: 1937 and 1938 corn under loan, earned interest at the rate of 4 percent per annum, and carried secondary insurance at 9/10 of 1 cent per hundred dollars per month. Interest and secondary insurance on corn having a loan rate of 57 cents may be computed by multiplying the number of days times .000064 times the number of bushels, and for corn having a loan rate of 43 cents by multiplying the number of days times .000049 times the number of bushels.

The secondary insurance has been carried on all 1937 and 1938 corn under loan until the date the loan was extended. The interest rate on all corn loans was 4 percent per annum to November 1, 1939, and 3 percent thereafter. The interest rate on all 1939 corn loans will be 3 percent, and no secondary insurance charges.

CORN SUPPLY AND TOTAL DISAPPEARANCE, 1924-25 TO 1939-40

Year beginning Oct. 1	Produc- tion	Stocks begin- ning of year	Im- ports	Total supply	Stocks end of year	Fed to live- stock	Indus- trial uses and seed	Exports	Total disap- pear- ance	Popu- lation July 1 (thous- ands)
Million bushels										
1924-25	2,223	170	3	2,396	102	2,096	189	9	2,294	-----
1925-26	2,798	102	-----	2,900	278	2,391	207	24	2,622	114,867
1926-27	2,547	278	4	2,829	217	2,387	209	16	2,612	116,532
1927-28	2,616	217	3	2,836	92	2,508	217	19	2,744	118,197
1928-29	2,666	92	-----	2,758	148	2,344	225	41	2,610	119,862
1929-30	2,521	148	1	2,670	136	2,314	212	8	2,534	121,526
1930-31	2,080	136	1	2,217	168	1,863	184	2	2,049	123,091
1931-32	2,576	168	-----	2,744	270	2,288	182	4	2,474	124,113
1932-33	2,931	270	-----	3,201	386	2,618	189	8	2,815	124,974
1933-34	2,400	386	1	2,787	337	2,253	193	4	2,450	125,770
1934-35	1,461	337	37	1,835	65	1,586	183	1	1,770	126,626
1935-36	2,304	65	21	2,390	180	1,988	221	1	2,210	127,521
1936-37	1,507	180	104	1,791	66	1,509	216	-----	1,725	128,429
1937-38	2,651	66	2	2,719	363	2,013	204	139	2,356	129,257
1938-39	2,542	363	-----	2,905	561	2,107	203	34	2,344	130,215
1939-40	2,591	561	-----	3,152	-----	-----	-----	-----	-----	131,104
10-year average: 1928-29 to 1937-38	2,310	185	17	2,512	212	2,078	202	20	2,300	126,152
1929-30 to 1938-39	2,297	212	17	2,526	253	2,054	199	20	2,273	-----

It is shown in the above data that during the past 15 years approximately 90 percent of the average annual corn crop was fed to livestock on farms. The remaining 10 percent entered commercial and seed uses, and export trade.

Because most of the corn is fed to livestock on the farm where produced or in nearby areas, the Ever Normal Granary aims to keep an adequate supply of corn at or near the source of production where it will be available for feeding, thereby avoiding the necessity of shipping corn back from terminal markets in years of short crops. When stored at or near points of production, corn remains in advantageous position for movement to market or into deficit feeding areas.

39-Corn Loan 6

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

State_____

County_____

Address_____

COMMODITY CREDIT CORPORATION,
Washington, D. C.

Attention: Mr. G. E. Rathell, Treasurer.

GENTLEMEN: We enclose an association check in the amount of \$-----, which represents 50 percent of all corn loan service fees collected during the month of-----, 19--, from applicants for 1939 corn loans.

The proceeds of such remittance are to be used to pay necessary expenses heretofore or hereafter incurred in connection with the inspecting, sampling, grading, and moisture-testing of such corn, including the purchase of supplies, equipment, and secondary insurance.

Very truly yours,

-----,
*County Agricultural Conservation Association,*By-----,
Treasurer of County Committee.

-----, 19--.

Receipt of the above-stated amount is hereby acknowledged.

COMMODITY CREDIT CORPORATION,

By-----,
(For G. E. Rathell, Treasurer)

-----, 19--.

[Type in county office, submit original and one copy to Commodity Credit Corporation, Washington, D. C., with self-addressed official penalty envelope attached, and two copies to State committee]

